THE FRAUD TREE

OCCUPATIONAL FRAUD AND ABUSE CLASSIFICATION SYSTEM

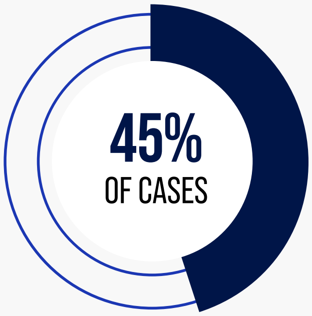
Click on occupational fraud categories below with the *i* icon to view definitions and statistical information from the ACFE's *Occupational Fraud 2026: A Report to the Nations*.

- Corruption
  - Conflicts of Interest
    - Purchasing Schemes
    - Sales Schemes
  - Bribery
    - Invoice Kickbacks
    - Bid Rigging
  - Illegal Gratuities
  - Economic Extortion
- Asset Misappropriation
  - Cash
    - Theft of Cash on Hand
    - Theft of Cash Receipts
      - Skimming
        - Sales
          - Unrecorded
          - Understated
        - Receivables
          - Write-Off Schemes
          - Lapping Schemes
          - Unconcealed
        - Refunds and Other
      - Cash Larceny
    - Fraudulent Disbursements
      - Billing Schemes
        - Shell Company
        - Non-Accomplice Vendor
        - Personal Purchases
      - Payroll Schemes
        - Ghost Employee
        - Falsified Wages
        - Commission Schemes
      - Expense Reimbursement Schemes
        - Mischaracterized Expenses
        - Overstated Expenses
        - Fictitious Expenses
        - Multiple Reimbursements
      - Check and Payment Tampering
        - Forged Maker
        - Forged Endorsement
        - Altered Payee
        - Authorized Maker
      - Register Disbursements
        - False Voids
        - False Refunds
  - Inventory and All Other Assets
    - Misuse
    - Larceny
      - Asset Requisitions and Transfers
      - False Sales and Shipping
      - Purchasing and Receiving
      - Unconcealed Larceny
- Financial Statement Fraud
  - Net Worth/ Net Income Overstatements
    - Timing Differences
    - Fictitious Revenues
    - Concealed Liabilities and Expenses
    - Improper Asset Valuations
    - Improper Disclosures
  - Net Worth/ Net Income Understatements
    - Timing Differences
    - Understated Revenues
    - Overstated Liabilities and Expenses
    - Improper Asset Valuations
    - Improper Disclosures

X

Corruption

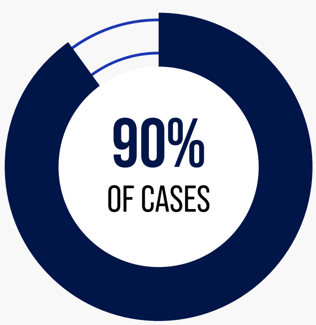
A scheme in which an employee misuses their influence in a business transaction in a way that violates their duty to the employer in order to gain a direct or indirect benefit (e.g., schemes involving bribery or conflicts of interest).



MEDIAN LOSS:
$150,000

Asset Misappropriation

A scheme in which an employee steals or misuses the employing organization's resources (e.g., theft of company cash, false billing schemes, or inflated expense reports).

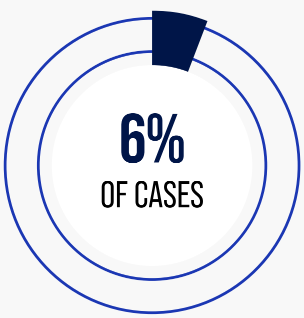


MEDIAN LOSS:

$100,000

Financial Statement Fraud

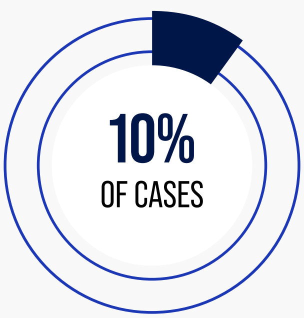
A scheme in which an employee intentionally causes a misstatement or omission of material information in the organization's financial reports (e.g., recording fictitious revenues, understating reported expenses, or artificially inflating reported assets).



MEDIAN LOSS:
$1,000,000

Theft of Cash on Hand

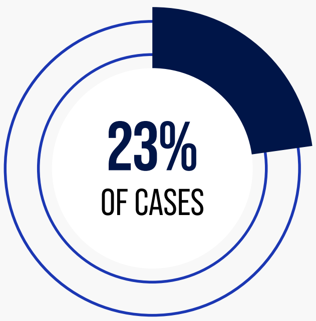
A scheme in which the perpetrator misappropriates cash kept on hand at the victim organization's premises (e.g., employee steals cash from a company vault).



MEDIAN LOSS:
$20,000

Noncash Asset Misappropriation

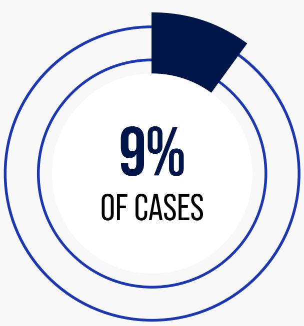
Any scheme in which an employee steals or misuses noncash assets of the victim organization (e.g., employee steals inventory from a warehouse or storeroom; employee steals or misuses confidential customer information).



MEDIAN LOSS:
$75,000

Skimming

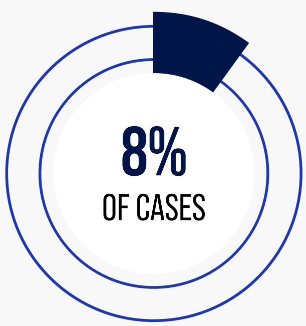
A scheme in which an incoming payment is stolen from an organization before it is recorded on the organization's books and records (e.g., employee accepts payment from a customer but does not record the sale and instead pockets the money).



MEDIAN LOSS:
$45,000

Cash Larceny

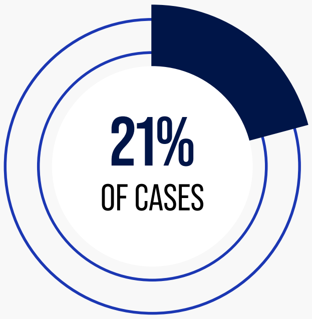
A scheme in which an incoming payment is stolen from an organization after it has been recorded on the organization's books and records (e.g., employee steals cash and checks from daily receipts before they can be deposited in the bank).



MEDIAN LOSS:
$45,000

Billing Schemes

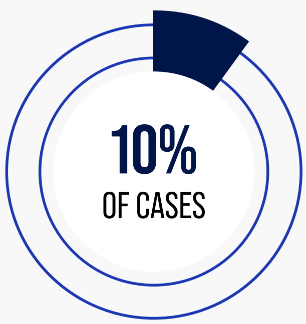
A fraudulent disbursement scheme in which a person causes their employer to issue a payment by submitting invoices for fictitious goods or services, inflated invoices, or invoices for personal purchases (e.g., employee creates a shell company and bills employer for services not actually rendered; employee purchases personal items and submits an invoice to employer for payment).



MEDIAN LOSS:
$90,000

Payroll Schemes

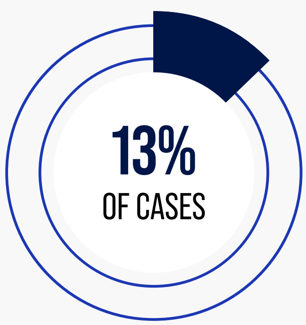
A fraudulent disbursement scheme in which an employee causes their employer to issue a payment by making false claims for compensation (e.g., employee claims overtime for hours not worked; employee adds ghost employees to the payroll).



MEDIAN LOSS:
$63,000

Expense Reimbursement Schemes

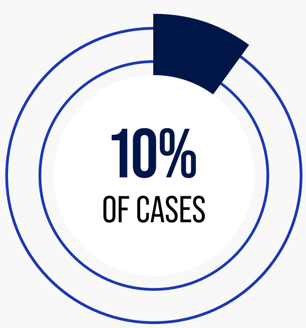
A fraudulent disbursement scheme in which an employee makes a claim for reimbursement of fictitious or inflated business expenses (e.g., employee files fraudulent expense report, claiming personal travel, nonexistent meals).



MEDIAN LOSS:
$36,000

Check and Payment Tampering Schemes

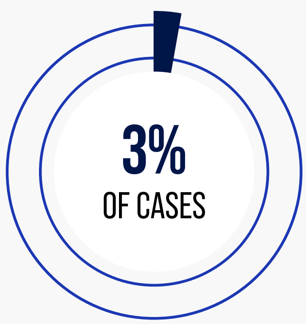
A fraudulent disbursement scheme in which a person steals their employer's funds by intercepting, forging, or altering a check or electronic payment drawn on one of the organization's bank accounts (e.g., employee steals blank company checks and makes them out to themself or an accomplice; employee re-routes an outgoing electronic payment to a vendor to be deposited into their own bank account).



MEDIAN LOSS:
$114,000

Register Disbursement Schemes

A fraudulent disbursement scheme in which an employee makes false entries on a cash register to conceal the fraudulent removal of cash (e.g., employee fraudulently voids a sale on a cash register and steals the cash).



MEDIAN LOSS:
$14,000